MEASURING THE IMPACT OF FINANCIAL UNDERSTANDING ON FINANCIAL BEHAVIOR OF PERSONS WITH DISABILITIES: WITH SPECIAL REFERENCE TO LUCKNOW DISTRICT

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Abstract: Financial well-being is one of the most desired state for everyone. Effective allocation of monetary resources is required for financial well-being and to keep oneself free from financial stress. This effective allocation can be easily done with sound financial understanding and good financial behavior. This research paper verifies the association between financial understanding and financial behavior. This primary data based study is exploratory in nature. Structured questionnaire has been considered to collect primary data. Tables have been considered for data presentation. Along with inferential statistics, descriptive statistics also has been used.

Keywords- Financial behavior, Financial understanding

LITERATURE REVIEW

Mahdzan and Tabiani (2013) have examined the association between financial literacy and saving. This study concludes that financial knowledge is positively related to the probability of saving. This exploratory study in Malaysian context suggests that Government efforts are needed to initiate and promote financial literacy in order to improve saving rate among individuals. Study**(Robb & Woodyard, 2011)** supports that only information about finance is actually not enough. Improved financial behavior is required to ensure and build good financial habits. Further study **(Xiao, Tang & Shim, 2009)**suggests that financial behavior gives significant contribution to attain financial satisfaction which further leads to life satisfaction. **Xiao, J. J., Ahn, S. Y., Serido, J., & Shim, S. (2014)**also state that knowledge about personal finance significantly improves financial behavior and reduces risk factor in paying behavior. **Rai, K., Dua, S., & Yadav, M. (2019)**has established significant relationship between financial knowledge and financial behavior.

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INTRODUCTION

Financial behavior can be elaborated as human behavior that is associated to management of finance. Further financial understanding is an ability or skill to know money related matters. Financial understanding and financial behavior both are significant components of financial capabilities.

OBJECTIVES OF THE STUDY

Objectives of this study are as follows;

1. To analyze the impact of financial understanding on financial behavior.
2. To check whether there is any significant difference between male and female towards financial behavior
3. To check whether there is any significant difference between male and female towards Financial Understanding.
4. To check whether there is any significant difference in financial behavior in terms of educational level.
5. To check whether there is any significant difference in Financial Understanding at different education levels.

SIGNIFICANCE OF THE STUDY

This study is significant as it throws light on two important concepts referred as financial understanding and financial behavior. Sound financial understanding and rational financial behavior is required for financial well-being of an individual. This study shows association between financial understanding and financial behavior.

RESEARCH METHODOLOGY

This cross sectional research has been carried out with the help of primary data collected. 250 structured questionnaires had been distributed out of which 102 (40.8%) received back. No missing value could be found in received data. To check internal consistency or reliability, alpha value has been computed. Various tests like; t test and ANOVA have been applied to attain set objectives. Factor analysis and Regression analysis have also been considered in the study. Tables have been undertaken for data presentation.

HYPOTHESIS

1. H_{01}= There is no significant impact of financial understanding on financial behavior.
2. H_{02}= There is no significant difference between male and female towards financial behavior.
3. H_{03}= There is no significant difference between male and female towards financial understanding.
4. H_{04}= There is no significant difference in financial behavior on the basis of education level.
5. H_{05}= There is no significant difference in financial understanding on the basis of education level.

DATA ANALYSIS

Alpha value for three items of financial understanding and eight items of financial behavior is .875 and .953 respectively. Further overall alpha value for total eleven items is .929. All computed three alpha values are higher than .70. Hence the scale which has been considered for the study is completely reliable.

Table 1.0.

Item No	Component Loadings	Eigen Value	Cronbach's Alpha
I- Financial Behaviour			
FB1: I always try to increase my saving	.865		
FB2: I always maintain balance between my income and expenditure	.873		
FB3: I prepare budget to attain my financial goals	.847		
FB4: I think twice before spending	.846	6.512	.953
FB5: I do not regularly check my bank statements for inconsistencies	.815		
FB6: I check the accuracy of transaction then file them	.852		
FB7: I have ability to manage my finances	.904		
FB8: I have been explained how to manage my finances before attending college	.812		
II-Financial Understanding		Eigen Value	Cronbach's Alpha
FU1: I can easily differentiate between my essential and non-essential expenditure	.909		
FU2: I know the meaning and significance of financial planning	.845	1.998	.875
FU3: I understand the difference between my needs and wants	.884		

HYPOTHSIS TESTING

H_{01} = There is no significant impact of financial understanding on financial behavior.

Regression analysis method has been used to quantify the impact of Financial Understanding (Independent variables) on Financial Behavior (Dependent variable) of the respondent.

Table 2.0.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.532[a]	.283	.276	.99577
a. Predictors: (Constant), Financial Understanding				

The R-Squared value shows that most of the estimates, to the extent of 28.3% fit closely to the assumed values (Table 1.0).

Table 2.0

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.094	1	39.094	39.427	.000[b]
	Residual	99.156	100	.992		
	Total	138.249	101			
a. Dependent Variable: Financial Behaviour						

ANOVA[a]

ANOVA table shows that the computed significance value is .000<.05.

Table 3.0

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.845	.402		2.103	.038
	Financial Understanding	.602	.096	.532	6.279	.000
a. Dependent Variable: Financial Behavior						

Coefficients[a]

The "Sig" column of the table indicates that the independent variables are having significant impact on dependent variables as the values are less than 0.05 and hence are a good fit in this model.

The regression equation from above unstandardized coefficient data is;

$$Y=a+Bx$$

Hence,

Financial Behavior = 0.845 + 0.602 (Financial Understanding)(Table 3.0)

Above explanation shows that null hypothesis (H_0 = There is no significant impact of financial understanding on financial behavior) is rejected.

H_{02} = There is no significant difference between male and female towards financial behavior

Table 4.0

Independent Samples Test				
			Financial Behavior	
			Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F		57.332	
	Sig.		.000	
t-test for Equality of Means	t		8.453	9.571
	df		100	85.172
	Sig. (2-tailed)		.000	.000
	Mean Difference		1.52708	1.52708
	Std. Error Difference		.18066	.15955
	95% Confidence Interval of the Difference	Lower	1.16866	1.20987
		Upper	1.88551	1.84430
Independent Samples Test				

Table 4.0 indicates that the significance value is .000 which is less than .05. Hence, null hypothesis (H_{02} = There is no significant difference between male and female towards financial behavior) is rejected.

H_{03} = There is no significant difference between male and female towards financial understanding

Table 5.0

Independent Samples Test				
			Financial Understanding	
			Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F		24.407	
	Sig.		.000	
t-test for Equality of Means	t		5.173	5.934
	df		100	79.295
	Sig. (2-tailed)		.000	.000

	Mean Difference		.96032	.96032
	Std. Error Difference		.18566	.16183
	95% Confidence Interval of the Difference	Lower	.59198	.63822
		Upper	1.32865	1.28242

Table 5.0 shows that significance value is .000 which is <.05. Hence, null hypothesis (H_{03} = There is no significant difference between male and female towards financial understanding) is rejected.

H_{04} = There is no significant difference in financial behavior on the basis of education level

Table 6.0

ANOVA					
Financial Behavior					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	71.726	3	23.909	35.222	.000
Within Groups	66.523	98	.679		
Total	138.249	101			

Table 6.0 shows that significance value is .000 which is <0.05. Hence, null hypothesis (H_{04} = There is no significant difference in financial behavior on the basis of education level) is rejected.

H_{05} = There is no significant difference in financial understanding on the basis of education level

Table 7.0

ANOVA					
Financial Understanding					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	49.245	3	16.415	27.407	.000
Within Groups	58.695	98	.599		
Total	107.940	101			

Table 7.0 concludes that the significance value is .000> 0.05. Therefore, null hypothesis (H_{05} = There is no significant difference in financial understanding on the basis of education level) is rejected.

FINDINGS & CONCLUSION

Lack of the sources of financial information has been considered as one of the most significant constraint of financial literacy by 39.22 percent respondents. Failure of education system and lack of personal interest has

been considered as constraint by 23.5 and 21.6 percent respondents respectively. Further study indicates that execution of financial awareness programs have been considered as the way to improve financial literacy by the majority (54.9 percent) of respondents. After test the hypothesis study further concludes that:

1. Financial understanding has significant impact on financial behavior.
2. Gender has significant impact on financial understanding as well as financial behavior.
3. Education level has also significant impact on financial understanding and financial behavior.

This study has found that financial understanding has significant positive impact on financial behavior. Hence, financial awareness and financial literacy can play a significant role in improving financial understanding to improve financial behavior.

LIMITATIONS OF THE STUDY

Results have been drawn on the basis of the responses of 102 respondents. Hence, results may vary in case of large sample size.

SCOPE FOR FURTHER RESEARCH

Financial understanding and financial behavior which are two significant factors of financial capabilities, have been considered for this study. Other factors like; financial literacy and financial knowledge can be considered in further researches. Overall financial capabilities can also be assessed in context of persons with disabilities.

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